
Minutes

Board of Natural Resources

March 7, 2006
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

Doug Sutherland, Commissioner of Public Lands

Bruce Bare, Dean, University of Washington, College of Forest Resources

Bob Nichols for Governor Christine Gregoire

Daniel J. Bernardo, Dean, Washington State University, College of Agricultural, Human, and Natural Resource Sciences

BOARD MEMBERS ABSENT

Terry Bergeson, Superintendent of Public Instruction

BOARD MEMBERS PRESENT BY PHONE

Ted Anderson, Commissioner, Skagit County

CALL TO ORDER

Chair Sutherland called the meeting to order at 9:10 a.m. on March 7, 2006, in Room 172 of the Natural Resources Building.

APPROVAL OF MINUTES

MOTION: Mr. Nichols moved to approve the February 7, 2006, Board of Natural Resources Minutes.

SECOND: Mr. Bernardo seconded.

ACTION: Motion passed unanimously.

PUBLIC COMMENTS FOR AGENDA ACTION ITEMS

None.

LAND TRANSACTIONS

Kittitas Wildlife Phase I Trust Land Transfer -#02-077745 (Handout 1)

Mr. Challstedt provided a brief overview of the Trust Land Transfer program. Program objectives are:

- To provide revenue for schools
 - o Timber value funds schools K-12 directly
 - o Land value is reinvested in properties better suited to provide future income for schools
- The Common School Trust divests of under performing lands with special ecological and/or social attributes
- Repositioning of lands contributes to diversification of the trust asset base
- Special properties are protected and managed for public benefit

Since 1989 a total of \$538,962,000 has been appropriated by the Legislature. The appropriation for fiscal year 2005-2007 is \$61,610,000. Transfer conditions for 2007-2009 are as follows:

- Aggregate timber to land ratio must be at least 80% to 20%
- Properties will be transferred with a 30 year deed restriction for the designated use
- Three properties are to be leased and not transferred
- Replacement properties cannot be agricultural lands
- Minerals will be reserved by the trust
- The DNR HCP is to be retained on critical habitat lands

Mr. Challstedt presented Kittitas Wildlife Phase I, stating that the land is located in Kittitas County, adjacent to I-90 between Easton and Cle Elum. The first parcel, Nelson Siding is in Section 18, T20N, R14E. Characteristics are as follows:

- Zoning: Forest and range
- Acres: 70
- Timber: 1,394mbf @ \$223/mbf = \$311,000
- Land: \$162,000 = \$2,314/acre
- Total value: \$473,000 = \$6,757/acre

The second parcel, Bull Frog, is in Section 36, T20N, 14E. It includes a power line easement and Department of Transportation weigh station. Characteristics are as follows:

- Zoning: Forest and range
- Acres: 216
- Timber: 1,270 mbf @ \$361/mbf = \$458,000
- Land: \$558,000 = \$2,583/acre
- Total value: \$1,016,000 = \$4,704/acre

The benefits of this transfer are listed below:

- Trust divests of low-income producing property
- Total timber 2,664 mbf = \$769,000
- Timber value benefits school construction
- Total land value 286 acres = \$720,000
- Land value is reinvested in productive land
- Property transfers to WDFW and is dedicated to fish & wildlife habitat, recreation, or open space purposes as directed by legislation.

Chair Sutherland asked if the weigh station was on a lease.

Mr. Challstedt and Howard Thronson explained that it was a Transfer of Jurisdiction as provided by statute. DNR considers it to be an easement.

Chair Sutherland asked who would receive the station and if the use easement was included in the transfer.

Mr. Challstedt said it would all be included in the transfer to WDFW.

Mr. Bare asked how the required 80% timber ratio applies to this property.

Mr. Challstedt explained that the ratio applied to the aggregate of all properties to be transferred. Properties with lower ratios would be off set by properties with higher timber ratios.

MOTION: Mr. Nichols moved to approve Resolution #1193.

SECOND: Mr. Bare seconded.

ACTION: Motion passed unanimously.

Kennewick 16 C -#02-074952 (Handout 2)

Ms. VanBuren came forward to present the Kennewick 16 C parcel. The parcel is located in Benton County in the City of Kennewick, East of Highway 395, and South of the Columbia River. The land is Common School Trust with a total of 32.8 acres with only 28.5 useable. The current lease is for \$1,800 per year so this transaction would dispose of property earning minimal income; proceeds would be used to acquire property with higher income potential. It is zoned residential, low density, four lots per acre. The appraised value and minimum bid is \$375,000.

Chair Sutherland asked if it was within the city limits.

Ms. VanBuren said yes.

Mr. Nichols asked what the distinction was between useable and total acreage.

Ms. VanBuren explained that Highway 395 is under a transfer of jurisdiction so the acreage underneath the roads is unusable.

Chair Sutherland asked if this land could be re-determined as commercial property as opposed to residential.

Ms. VanBuren said that it would have to go through a re-zoning process.

MOTION: Mr. Nichols moved to approve Resolution #1194.

SECOND: Mr. Bare seconded.

ACTION: Motion passed unanimously.

TIMBER SALES

Proposed Timber Sales for April 2006 (Handout 3)

Jon Tweedale came forward to present the timber sales. He began with a brief market update stating that the market is still strong and the northwest log market remains up and appears stable in the short term. Mr. Tweedale said there were two new mills opening, one in Northwest Region, and one in Chehalis. He expects that the mills will be purchasing DNR stumpage in the near future.

February 2006 Sales Results:

13 sales offered & 12 sold; 57.3 mmbf offered & 53.3 mmbf sold; \$19.1 million minimum bid offered & \$21.9 million minimum bid; \$333/mbf sold & \$410/mbf sold; 21% above minimum bid; average numbers of bidders, 4.

Proposed April 2006 Board Sales:

15 sales at 42.9 mmbf; \$17.3 million minimum bid; average \$357/mbf.

Mr. Tweedale recommended all 15 sales at 42,882 mbf with a minimum bid of \$17,32,469 be approved for auction for the month of April 2006.

Mr. Bare asked about the harvest definitions.

Mr. Tweedale said he would put together some information and bring it to the next meeting for clarification on the definitions.

MOTION: Mr. Bernardo moved to approve the February 2006 Timber Sales.

SECOND: Mr. Bare seconded.

ACTION: Motion passed unanimously.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

Bob Dick - American Forest Resource Council

Mr. Dick commented on the timber market saying that it does look good. He suggested that DNR and the Board keep an eye on Canadian log imports because Washington mills are dependant on log supply from Canada and if there is a disruption in that market then DNR's stumpage prices will fall.

EXECUTIVE SESSION – 9:45am

To discuss pending litigation with Assistant Attorney General Phil Ferester.

Chair Sutherland asked if there was anyone else present wishing to make comment before the Board? Seeing none, hearing none.

Meeting adjourned at 11:25 a.m.

Approved this ____ day of _____, 2005

Doug Sutherland, Commissioner of Public Lands

Bob Nichols for Governor Christine Gregoire

Bruce Bare, Dean, University of Washington

Daniel J. Bernardo, Dean, Washington State University

Terry Bergeson, Superintendent of Public Instruction

Ted Anderson, Commissioner, Skagit County

Attest:

Sasha Lange, Board Coordinator